

State Board of Equalization

OPERATIONS MEMO

For Public Release

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SUBJECT: Establishment of IRIS SD Taxable Activity Type (TAT) for One-time Financial Obligation

I. General

A new Taxable Activity Type (TAT) has been added to the Integrated Revenue Information System (IRIS) to accommodate processing and tracking use tax leads developed from information received by the Department of Homeland Security's U.S. Customs Division. The new SD TAT account will be used for new, one-time use tax liability accounts established by the U.S. Customs group in the Centralized Collection Section (CCS).

II. When to Create an SD Account

The SD TAT is used **only** when the requirement to file a use tax return is a one-time occurrence. Otherwise, an SU account should be established if the taxpayer has an ongoing need to file use tax returns.

In most cases, CCS will register a taxpayer with the SD TAT when CCS determines that it is necessary to send a tax return to the taxpayer. After creating the account, CCS will send the BOE-2165 CUST, *Taxpayer Cover Letter* and BOE-401-CUST, *Consumer Use Tax Return*, so that the taxpayer can report and pay the use tax obligation on merchandise shipped into this state from an out-of-state location and stored, used or consumed in California.

Note: The SD TAT follows the same account number series as other TATs in the sales and use tax program (i.e., SC, SJ, SL, SR and SU) and should not be confused with the other sales and use tax accounts. These accounts will be distinguished by their SD identifier, not by the account number.

III. Cashier Unit and Data Entry Unit Responsibilities

SD TAT accounts are given an SD return batch designation. The Cashier Unit will process the SD return batches and send them to the Data Entry Unit to be keyed into IRIS. After entering the SD return information into IRIS, the Data Entry Unit will send the SD return batches to CCS for return verification (e.g. questionable exemptions).

IV. CCS and Return Analysis Unit Responsibilities

The Return Analysis Unit (RAU) will issue the billings on SD tax returns received with late payment, non-remittance (NR) or partial payment (PR). RAU is also responsible for processing the BOE-735, *Request for Relief from Penalty*; declaration of timely mailing; bank error letters; extension requests; and billing adjustments. CCS will address all other issues. When all issues are resolved, the tax return is sent to the Taxpayer Records Unit.

V. Petitions Section and Audit Determination and Refund Section Responsibilities

These sections have the same responsibilities for SD TAT accounts as they do for all other sales and use tax accounts.

VI. District Office Responsibility

Payments and tax returns received in a district office for an SD TAT account are handled in the same manner as any other payment or return. If there is an outstanding liability on the SD account, the payment should be applied to the liability. If there is no liability, the payment should be applied to the account as an unapplied credit.

VII. Obsolescence

This Operations Memo will become obsolete when the information contained herein is incorporated into the appropriate manuals.

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